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The Arizona Solar Energy Industries Association
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Response to Comments on Proposed Net Metering Rules
RE-00000A-07-0608

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The Solar Advocates appreciate this opportunity to comment on the Electric Cooperative's (Co-Op) comments recently filed (Docket No. RE-00000A-007-0608) in response to Commission Decision No. 70164 which establishes proposed net metering rules for Arizona.

The Electric Cooperatives in their filing dated May 20th put forth a number of issues which they contend make implementation of the current proposed net metering rules problematic. The Solar Alliance would like to address some of these issues which, in our view, do not present significant obstacles to the implementation of a successful Net Metering program. It is also important to point out that many of the Electric Cooperatives' suggested remedies to these issues would in all likelihood constitute a substantial change to the proposed net metering rules and as a result would require the Decision 70164 to be revisited by the Commission.

Reply Comments

Page 1 Lines 23 through 27, Page 2 Lines 1-14

The Co-Ops make the claim that net metering constitutes a subsidy and that "*by avoiding the Electric Cooperatives kWh charge, a net metered customer is not paying their share of the fixed costs associated with the transmission and distribution system that has been built to provide electric service to a net metered customer.*" This argument does not take into account the very real benefits to the grid that a net metering distributed generation customer creates. The Commission has previously considered this argument and found it to be without merit. A recent report performed for Austin Energy estimates the benefits to the grid created by net metering, distributed generation (DG) far outweigh any costs.

Page 2 Lines 18 – 22

Here the concern is raised that it will be difficult to estimate total connected load. We take issue with this concern in several ways. First, we respectfully suggest that total connected load is not as difficult as the Coops may fear. Second, this concern would only come into play if there was a dispute over system size between customer and utility – an event which we believe will be rare. Finally, the proposed net metering rules allow system size to be based on either 125% of total connected load or, if the data is not

available, to base the system size on 125% the "Customer's electric drop capacity" which is an easily obtainable number. Because the vast majority of homes would require a DG system of well over 20 kW to reach 125% of total connected load, we believe that less than one half of one percent of net metering system interconnections would even approach the net metering cap issue.

Page 3 Lines 21-26, Page 4 Lines 1-2

This is perhaps the most concerning portion of the Co-Ops comments. Here it is recommended that the language, "...total connected load be removed from this section and the language "peak demand" be inserted." This change constitutes a major *substantive change* to the Proposed Net Metering rules. First, the peak demand is a number difficult to estimate. Second, one Solar Alliance member company reports that over 25% of the solar electric systems it has installed have a capacity exceeding 125% of the estimated average peak demand of the home which is often around 7 to 8 kW. The Co-Ops suggestion, if adopted, has the potential to exclude over 25% of solar systems sold in Maricopa County from participating in Net Metering.

Page 4 Lines 15-25

Again, substantive changes are proposed. The Co-Ops raise the concern that a net metering customer's "generation output could produce flow back into the distribution system at a level greater than 100 percent of its total connected load." This concern assumes that 100% of customers on a given distribution circuit have installed the maximum size system possible under the proposed net metering rules which would be an extraordinarily rare event. The Co-Ops also do not take into account the safety and reliability related limitations built into interconnection standards which render their concerns largely unfounded. The National Electric Code (NEC) limitations as defined in article 690.64, which deal with back-feeding DG devices, limit the amperage of any device feeding back onto the grid to safe levels.

Ultimately, this is not a net metering, but an interconnection issue and this forum is not the proper place to discuss such issues.

The Solar Advocates appreciate the opportunity to submit these reply comments and look forward to answering any questions that the Commission might have at the June 5th Public Comment proceeding.

Respectfully submitted,

Tom Alston
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